GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2169
ANSWERED ON:10.03.2006
BANKING REFORMS
Barad Shri Jashubhai Dhanabhai

Will the Minister of FINANCE be pleased to state:

(a) whether the Government is shortly going to unveil trie new road map for banking reforms;

(b) if so, whether this policy is also going to address the issues of the cooperative banking sector;

(c) whether the Government is considering to set up a separate regulator for cooperative banks; and

(d) if so, the time by which it is likely to be set up and the extent to which it would helpful to cooperative banks?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAW AN KUMAR BANSAL)

(a) To improve the health of the banking sector in India in general and that of Public Sector Banks in particular and also to bring them at par with the international standards, the Reserve Bank of India has prescribed measures for strengthening of prudential supervision coupled with wide ranging steps undertaken by the Government. However, there is no proposal to unveil a new road map for banking reforms, for the present.

(b) to (d) : The Task Force under Prof. Vaidyanathan in its report submitted to the Government in February, 2005 suggested, inter-alia, provision of financial assistance to the rural cooperative credit institutions subject to introduction of certain legal and institutional reforms in the cooperative sector. Government of India has approved a package for revival of short term rural cooperative credit structure and communicated it to all State Governments. The package also requires State Governments to take measures for enabling RBI to exercise its regulatory powers over cooperative banks, more effectively.